

(The nominations ordered to lie on the Secretary's desk were printed in the RECORDS of September 3, 1998, September 16, 1998 and September 29, 1998, at the end of the Senate proceedings.)

In the Coast Guard nomination of Joseph E. Vorbach, which was received by the Senate and appeared in the Congressional Record of September 3, 1998

In the Coast Guard nominations beginning John H. Siemens, and ending David M. Illuminate, which nominations were received by the Senate and appeared in the Congressional Record of September 16, 1998

In the Coast Guard nomination of Richelle L. Johnson, which was received by the Senate and appeared in the Congressional Record of September 29, 1998

In the Coast Guard nominations beginning Robert J. Fuller, and ending John B. McDermott, which nominations were received by the Senate and appeared in the Congressional Record of September 29, 1998

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BREAUX (for himself and Mr. MACK):

S. 2535. A bill to prohibit the Secretary of the Treasury from issuing regulations dealing with hybrid transactions; to the Committee on Finance.

By Mr. HATCH:

S. 2536. An original bill to protect the safety of United States nationals and the interests of the United States at home and abroad, to improve global cooperation and responsiveness to international crime and terrorism, and to more effectively deter international crime and acts of violence; from the Committee on the Judiciary; placed on the calendar.

By Mr. MURKOWSKI:

S. 2537. A bill to amend the Export-Import Bank Act of 1945 to assure that the United States is consistent with other G-7 countries in evaluating environmental concerns relating to projects to be financed, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. BREAUX:

S. 2538. A bill to amend the Internal Revenue Code of 1986 to modify the active business definition relating to distributions of stock and securities of controlled corporations; to the Committee on Finance.

By Ms. SNOWE (for herself, Mr. TORRICELLI, Mr. FORD, and Mr. GORTON):

S. 2539. A bill to authorize and facilitate a program to enhance training, research and development, energy conservation and efficiency, and consumer education in the oilheat industry for the benefit of oilheat consumers and the public, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. ABRAHAM (for himself, Mr. KENNEDY, Ms. COLLINS, Mr. LEAHY, Mr. D'AMATO, and Mr. MOYNIHAN):

S. 2540. A bill to extend the date by which an automated entry-exit control system must be developed; considered and passed.

By Mr. DASCHLE (for Mr. GLENN (for himself, Mr. THOMPSON, Ms. COLLINS, Mr. LEVIN, Mr. DURBIN, Mr. CLELAND, and Mr. LIEBERMAN)):

S.J. Res. 58. A joint resolution recognizing the accomplishments of Inspector Generals since their creation in 1978 in preventing and

detecting waste, fraud, abuse, and mismanagement, and in promoting economy, efficiency, and effectiveness in the Federal Government; considered and passed.

By Mr. GRAMM:

S.J. Res. 59. A joint resolution to provide for a Balanced Budget Constitutional Amendment that prohibits the use of Social Security surpluses to achieve compliance; read the first time.

S.J. Res. 60. A joint resolution to provide for a Balanced Budget Constitutional Amendment that prohibits the use of Social Security surpluses to achieve compliance; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. LEVIN:

S. Con. Res. 122. A concurrent resolution expressing the sense of Congress that the 65th anniversary of the Ukrainian Famine of 1932-1933 should serve as a reminder of the brutality of the government of the former Soviet Union's repressive policies toward the Ukrainian people; to the Committee on Foreign Relations.

By Mr. MCCAIN (for himself, Mr. KYL, Mr. CRAIG, and Mr. LOTT):

S. Con. Res. 123. A concurrent resolution to express the sense of the Congress regarding the policy of the Forest Service toward recreational shooting and archery ranges on Federal land; to the Committee on Energy and Natural Resources.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BREAUX (for himself and Mr. MACK):

S. 2535. A bill to prohibit the Secretary of the Treasury from issuing regulations dealing with hybrid transactions; to the Committee on Finance.

SUBPART F OF INTERNAL REVENUE CODE

• Mr. BREAUX. Mr. President, today Mr. MACK and I are introducing legislation to place a permanent moratorium on the Department of the Treasury's authority to finalize any proposed regulations issued pursuant to Notice 98-35, dealing with the treatment of hybrid branch transactions under subpart F of the Internal Revenue Code. It also prohibits Treasury from issuing new regulations relating to the tax treatment of hybrid transactions under subpart F and requires the Secretary to conduct a study of the tax treatment of hybrid transactions and to provide a written report to the Senate Committee on Finance and the House Committee on Ways and Means.

By way of background, the United States generally subjects U.S. citizens and corporations to current taxation on their worldwide income. Two important devices mitigate or eliminate double taxation of income earned from foreign sources. First, bilateral income tax treaties with many countries exempt American taxpayers from paying foreign taxes on certain types of income (e.g. interest) and impose reduced rates of tax on other types (e.g. dividends and royalties). Second, U.S. tax-

payers receive a credit against U.S. taxes for foreign taxes paid on foreign source income. To reiterate, these devices have been part of our international tax rules for decades and are aimed at preventing U.S. businesses from being taxed twice on the same income. The policy of currently taxing U.S. citizens on their worldwide income is in direct contrast with the regimes employed by most of our foreign trading competitors. Generally they tax their citizens and domestic corporations only on the income earned within their borders (the so-called "water's edge" approach).

Foreign corporations generally are also not subject to U.S. tax on income earned outside the United States, even if the foreign corporation is controlled by a U.S. parent. Thus, U.S. tax on income earned by foreign subsidiaries of U.S. companies—that is, from foreign operations conducted through a controlled foreign corporation (CFC)—is generally deferred until dividends paid by the CFC are received by its U.S. parent. This policy is referred to as "tax deferral."

In 1961, President John F. Kennedy proposed eliminating tax deferral with respect to the earnings of U.S.-controlled foreign subsidiaries. The proposal provided that U.S. corporations would be currently taxable on their share of the earnings of CFCs, except in the case of investments in certain "less developed countries." The business community strongly opposed the proposal, arguing that in order for U.S. multinational companies to be able to compete effectively in global markets, their CFCs should be subject only to the same taxes to which their foreign competitors were subject.

In the Revenue Act of 1962, Congress rejected the President's proposal to completely eliminate tax deferral, recognizing that to do so would place U.S. companies operating in overseas markets at a significant disadvantage vis-a-vis their foreign competitors. Instead, Congress opted to adopt a policy regime designed to end deferral only with respect to income earned from so-called "tax haven" operations. This regime, known as "subpart F," generally is aimed at currently taxing foreign source income that is easily moveable from one taxing jurisdiction to another and that is subject to low rates of foreign tax.

Thus, the subpart F provisions of the Internal Revenue Code (found in sections 951-964) have always reflected a balancing of two competing policy objectives: capital export neutrality (i.e. neutrality of taxation as between domestic and foreign operations) and capital import neutrality (i.e. neutrality of taxation as between CFCs and their foreign competitors). While these competing principles continue to form the foundation of subpart F today, recent actions by the Department of the Treasury threaten to upset this longstanding balance.

On January 16, 1998, the Department of the Treasury announced in Notice